Comment regarding Docket No. R-1343

Debit Card Hold removal within 2 hours – It is our understanding that at this time only Fuel Merchants will participate in Real-time Clearing, whereby the debit card pre-authorization transaction includes an indicator as to the length of time to retain the hold (2 hours or less). If the two hour release period is applicable to other merchants, like restaurants, this new rule needs to specifically state which merchant types are required to participate in Real-time Clearing, and that the responsibility for hold retention is placed on the Merchants, not the Financial Institutions, because it's the Merchant who knows whether the pre-authorization is being submitted in an amount that may be in excess of the settlement transaction.

If Merchants aren't held responsible for submitting settlement transactions within the 2 hour time period, it is unreasonable to require a refund of NSF fees assessed on intervening transactions occurring between the time of the pre-authorization and the settlement transaction, when the elapsed time could cover days. High volume accounts could have hundreds of transactions taking place within the elapsed time period and recalculating balances going back multiple days to determine any NSF fees that need to be refunded will negatively impact the efficiency of processing <u>every</u> debit card settlement transaction and possibly result in frustrating approval time-outs. Additionally, notifying customers that NSF fees charged in previous days are being refunded will add to customer confusion, when the intent is to reduce customer confusion.

Stand-in transactions – The proposed rule treats 'stand-in' transactions differently than non-stand-in settlement transactions for which a pre-authorization was never submitted. However, as a Data Processing Vendor for Financial Institutions, we have no way to comply with this difference. In our real-time posting environment, a 'stand-in' transaction doesn't appear any differently than any other settlement transaction. We can't tell if the absence of a pre-authorization on file is because one wasn't sent, or because it was a 'stand-in' transaction, or if the pre-authorization has expired. For file size control and production efficiency, we purge pre-authorization records once they have expired. Requiring the retention of expired pre-authorization records transactions merely for the purpose of determining whether a pre-authorization was sent may unnecessarily increase processing expense.

Many of our Financial Institutions have asked us to base debit card settlement transaction NSF fees on whether the pre-authorization transaction was NSF at the time it was received. This might be an aspect to be considered as this new rule is being finalized.